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KENYA INDUSTRIAL ESTATES LTD.



ANNUAL REPORT 1977/78

57-3
KIEL

KENYA INDUSTRIAL ESTATES LTD.

P. O. Box 18282, LIKONI ROAD NAIROBI

DIRECTORS AND OFFICERS

Chairman

Mr. L. M. Kabetu

Permanent Secretary ——— Ministry of Commerce & Industry
(or his representative)

Permanent Secretary ——— Ministry of Finance & Planning
(or his representative)

Mr. D. Mbela

Mr. Lee Ngugi

Mr. J.K. Cheruiyot

Managing Director

Mr. C.S. Mbindyo

Operations Manager

A.M. Shikhule

Auditors

Coopers & Lybrand

Bankers

National Bank of Kenya Ltd.

Lawyers

Kaplan & Stratton

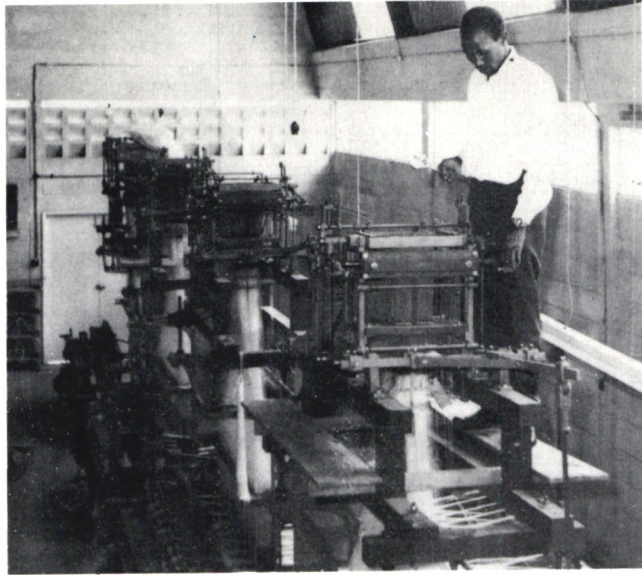
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KENYA NATIONAL ASSEMBLY
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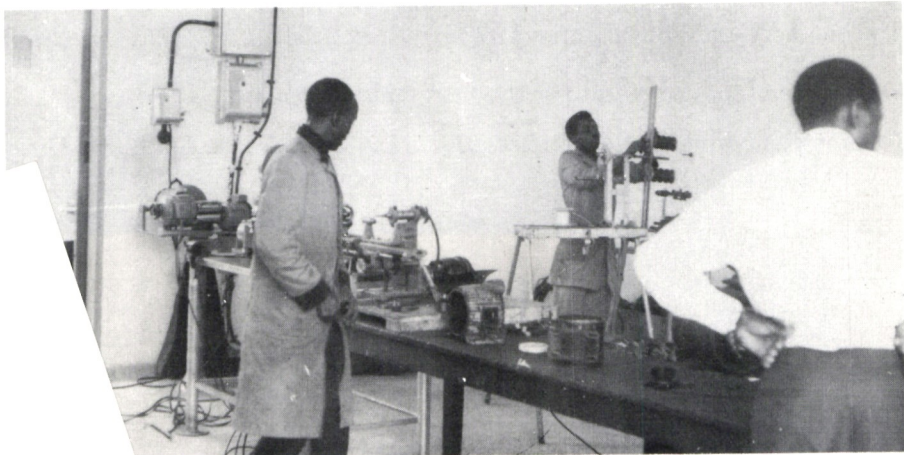
INSIDE THE FACTORIES



A fabric labels manufacturing unit



A handbag making unit



Generator rewinding unit

ANNUAL REPORT 1977/78
CHAIRMAN'S STATEMENT

Upto December, 1977, Kenya Industrial Estates Limited (K.I.E.) was a wholly-owned subsidiary of the Industrial and Commercial Development Corporation. The organisation celebrated its 10th anniversary during the second quarter of the year ended 30th June, 1978. During the same quarter, K.I.E. was re-constituted as an independent financial institution responsible for the promotion of small scale industries throughout the republic. The organisation's policy has also been revised to enable wananchi to get better services.

Loans are advanced to individual projects upto a maximum of 85% of the total cost of a project whose total investment (including permanent working capital) does not exceed Shs. 3 million. Where the total cost of a project exceeds Shs. 3 million, the organisation advances loans upto a maximum of 80% of the total project cost. Normally, K.I.E. advances loans to cover 100% of the machinery and equipment costs and collateral is required when loans are given for working capital. The rates of interest on loans advanced is 10% for loans below Shs. 1 million and 11% for loans more than Shs. 1 million. In addition, K.I.E. is now authorised to participate in the equity of needy projects subject to maximum of 25% of the issued shares. Emphasis is attached on projects that generate or save foreign exchange, provide substantial employment opportunities, make full use of local raw materials as well as those projects that are based in the rural areas.

The financing of the K.I.E. Programme has demonstrated a unique case of international co-operation. The governments of West Germany, Sweden, Norway, India and Denmark have given financial and technical assistance to the organisation. In addition to these traditional donors showing a keen interest to continue assisting the programme, new agencies including the World Bank, the Japanese Government and the European Economic Community have indicated their willingness to join in funding the programme.

During the year under review, K.I.E. endorsed the policy of establishing industrial estates in major towns and rural industrial development centres in district headquarters. Industrial promotion areas are being established in growing and service centres in the country. The K.I.E. Board has also accepted the regional approach whereby regional offices are to be established and made responsible for the development of small scale industries in the region. This approach will be consolidated further so that a more uniform and co-ordinated development can be achieved.

During the period under review, the former Managing Director, Mr. Kipng'eno arap Ng'eny left K.I.E. to take up another government appointment as a Permanent Secretary in the Ministry of Water Development. Mr. Charles Stephen Mbindyo took over as the new Managing Director.

There was also a change in the membership of the K.I.E. Board and Mr. L.M. Kabetu took over from Mr. E.M. Wamae as the new chairman of the K.I.E. Board.

L. M. KABETU

MANAGING DIRECTOR'S REPORT

In the process of discharging development and promotional activities, K.I.E. provides the following services:-

Planning, preparation and appraisal of small scale industrial projects.

Provision of industrial premises at reasonable rents.

Assistance during implementation of projects.

Provision of repair and tool manufacturing facilities at the organisation's technical service centres.

Provision of extension services on management, technical problems, marketing and book-keeping.

On the job training at the organisation's technical service centres and workshops.

The activities of the company have been characterized by an industrial estate, a rural industrial development centre (RIDC), and industrial promotion area (IPA).

An industrial estate comprises an administration block, a number of factory premises and a technical service centre where technical assistance is made available to the operating industries. A rural industrial development centre comprises an administration block and workshops for sheet metal, woodwork and general engineering for training and demonstration purposes. The RIDC also gives extension services and small loans to new and expansion of small industries. An IPA comprises a cluster of low cost sheds constructed to house viable small rural projects.

Since K.I.E. was established in 1967, it has implemented five industrial estates at Nairobi, Nakuru, Mombasa, Kisumu and Eldoret and 10 rural industrial development centres at Nyeri, Kakamega, Embu, Machakos, Kisii, Malindi, Voi, Homa Bay, Kericho and Meru. The RIDCs at Meru, Kericho and Homa Bay were established during the period under review.

For operational purposes the country will be divided into 8 regions with regional offices at Nairobi, Nakuru, Mombasa, Kisumu, Eldoret, Kakamega, Nyeri and Embu. In 1978 the government discussed and approved that K.I.E. activities be expanded substantially. In this connection, the government approved an expenditure of Shs. 340.8 million in 33 districts during the next development plan period 1978/83.

This means that for the next five years we will be expected to implement three times the number of projects implemented over the last 10 years.

The increased level of operations required more staff and the organisation was re-organized into 5 departments: Personnel/Administration, Accounts, Legal, Projects and Extension Services. The recruitment of staff is going on and during

the year, Mr. J.W. Munubbe joined the organisation as the Chief Legal Officer/ Company Secretary in the newly created Legal Department. Mr. B.I.O. Ayoro, who was the Regional Manager at Kisumu, was transferred to the head office to head the newly created Extension Services Department.

In conclusion, I would like to thank all my fellow directors and staff for the good work they have done over the period under review and indeed for the past 10 years of K.I.E.'s existence.

C.S. MBINDYO

ACTIVITIES IN THE REGIONS

NAIROBI INDUSTRIAL ESTATE

The Nairobi Industrial Estate is the oldest as well as the biggest of all the estates in the country. It was built in two phases; phase one was completed in 1970 at a cost of Shs. 4 million while phase two was completed in 1972 at a cost of Shs. 4½ millions. The two phases of the estate comprise an administration block, a technical service centre (TSC) and 54 workshop sheds with a total built up area of 130,000 square feet. Apart from providing the services such as repair of machines, supply of dies, tools, jigs and fixtures to KIE sponsored enterprises, the TSC also accepts jobs from outsiders.

The sheds in Nairobi Industrial Estate are all occupied and three more sheds are under construction. The West German Government through its financing organisation K.F.W. provided funds for the construction of the buildings as well as for financing foreign components of the loans which entrepreneurs received to help them run their enterprises within the estate.

(a) Special Workshops for K.I.E. Sponsored Projects in Nairobi

Some of few enterprises have now outgrown the size of the sheds. As a result, they have moved out of K.I.E. to establish themselves in bigger buildings within the Industrial Area of Nairobi. These are Tiger Shoe Company Limited which manufactures high quality shoes, and Metal Pressings Limited, the manufacturers of Butt Hinges and sand bars.

Also some factories required bigger spaces than what K.I.E. could provide right from the start. Such industries received loans and assistance from K.I.E. but were established in special sheds built by entrepreneurs within the Industrial Area of Nairobi. These are projects manufacturing Tufted Carpets, Spark Plugs, Baby Teats, Canvas Cloth and Computer stationery.

(b) Workshop Cluster at Dandora

K.I.E. has continued to receive many applications from prospective entrepreneurs who would like to be assisted in establishing industries within Nairobi Industrial Estate.

As all the sheds within the estate have been allocated, K.I.E. is making arrangements to establish a workshop cluster at Dandora within the Nairobi area to accommodate more small scale industries. The first phase of the project will comprise construction of one office block, one common facility workshop and twenty workshop sheds. The construction is estimated to cost Shs. 2 millions. It is expected that the project will be ready for occupation in 1980.

(c) Industries in Production within Nairobi Industrial Estate

<u>Project Name</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Amount Invested by K. I. E.</u>
1. African Culture Sejever	Handicraft items	2	No loan
2. Aturia Trading Co.	Leather articles, brief cases, wallets & belts	2	25,000.00
3. Prime Industries	Spark plugs	13	2,188,600.00
4. Kulforte Limited	Baby bottle feeding teats	22	1,532,285.30
5. Sansaw (K) Ltd.	Bandsaw blades	3	81,000.00
6. Universal Packers	Universal paper, disinfectant fluid, septics, unifillers, scouring paper & blue soap	12	865,196.35
7. Motho Industries	Bicycle spokes	10	512,257.35
8. Khweyombokhe	Brass window stays & handles	8	2,392,406.00
9. Chui Enterprises Ltd.	Urea & polyester buttons	10	2,526,269.50
10. Canvas Manufacturers Ltd.	Waterproof & loomstate canvas cloth	50	3,560,405.75
11. Crescent Investments Limited	Carbon papers, ribbons, plastic carbon papers & film ribbons	38	1,721,929.85
12. Kenya Castings Ltd.	Foundry & Cast Iron products	25	575,900.00
13. Chemakura African Curios	Skin bags, wallets Chappals, jackets, lamp stands & table drums	3	640,000.00
14. Egg Containers Ltd.	Egg trays	5	1,126,033.30
15. Electrician F.K.W.	Rewinding & repair of automobile dynamos, alter- nators, electric motors	3	25,000.00
16. E.A. Spectre Co. Ltd.	Water tanks, cylinders, pressure vessels & chemical containers	25	3,340,000.00

17.	Hard Wheels Co. Ltd.	Resin bound grinding discs.	5	700,303.35
18.	Paperware Limited	Paper cups, ice-cream cups, cake cases, yoghurt cups, cold drink cups & paper plates	22	1,385,102.40
19.	Joy Garments	Children & Ladies outer garments	50	160,600.00
20.	Kiatu & Allied Products	Shoe laces of all kinds	45	471,414.85
21.	Nineten Investments	Plastic ladies handbags & PVC rain-coats	10	87,000.00
22.	Kenya Night Queen Products Limited	Baby lotion and other cosmetic products	25	67,000.00
23.	Kenya Scales Limited	Weighing machines scales & weights	18	100,000.00
24.	Mikuyuini Curios & Craft	Leather articles, handbags, key holders & belts	2	15,000.00
25.	Elgon Factory	Furniture	4	67,000.00
26.	Nairobi Electrical Industries Ltd.	Distribution boards, light fittings, meter cabinets & trunking systems	10	134,000.00
27.	Kenya Dusters Manufacturers Limited	Handles for kitchen knives etc.	6	70,000.00
28.	Neptune Industries	Pins	8	248,448.70
29.	Kiema Enterprises Ltd.	Printed books & stationery	25	150,000.00
30.	Genitemis Limited	Hooks, bars, buckles	20	405,175.00
31.	Galaxy Printers Ltd	Printed books, labels calendars	20	345,528.00
32.	Rae Furniture Ltd.	Wooden & Upholstery furniture	8	NIL
33.	Mill Services Ltd.	Regrinding of rollers & repair of sundry types of mills	2	305,000.00
34.	Ruhio Industries Limited	Window frames, metal gates, burglary proof items, metal doors & decorative grills	9	229,609.70
35.	Mbingwa Industries Limited.	Sand Papers	5	1,659,750.00

36.	Chameleon Ltd.	Screen printing on textile metal & paper	9	62,000.00
37.	Tiger Shoe Co. Ltd.	High quality Shoes	200	250,000.00
38.	Plastic Product Ltd.	Vent plugs & plastic caps	17	1,035,278.15
39.	Lenses & Frames Limited	Optical lenses & Frames	4	427,000.00
40.	Metal Pressings Ltd.	Door hinges, hasps staples & sand bars	65	337,972.00
41.	Dawning Africano Limited	Staples & pins	13	1,199,000.00
42.	Stitchco Garments	Readymade garments & all types of uni-forms	40	NIL
43.	Kenwafers Limited	Wafer biscuits	5	368,600.00
44.	Engineering & Joinery Works Limited	Burglary fittings, iron gates, window & door frames & fork jembes	5	16,000.00
45.	Ray Industries Ltd.,	Electroplated bolts & cabinet handles	3	100,000.00
46.	Wananchi Engineering	Panel beating & Spray painting of automobiles	6	83,208.00
47.	Hydraulic Meters & Equipment Ltd.	Repair and assembly of water meters	5	230,000.00
48.	Kuguru Consolidated Ltd.	Instant wheat noodles	30	1,692,201.20
49.	Broco Engineering Enterprises Ltd.	Metal items including openers, washers, roofing bolts & nuts	13	90,000.00
50.	Specialised Welding Services Limited	Welding repair services	13	106,000.00
51.	Slabs Systems Ltd.	Woodwool cement slabs for ceilings & partitions	25	548,090.00
52.	Ngwataniro Enterprises Limited	Wooden cloth pegs	25	140,000.00
53.	Kip Precision Ltd.	Wooden rulers	4	233,332.20
54.	Woven Fabric Labels (EA) Limited	All types of woven fabric labels	7	826,900.00
55.	Haraka Hosiery Manufacturers Ltd.	Decorative & elastic webbings, elastic tapes & ribbons	25	1,409,256.65
56.	Pigeon Slide Zippers Limited	Zip Fasteners	40	259,360.00

Total 56 projects in operation with an average of Shs. 37,400/= invested by K.I.E. per employee. 1,100 37,468,414.00

NAKURU INDUSTRIAL ESTATE

Nakuru Industrial Estate was constructed at a cost of Shs. 3,280,954/- and was the second estate to be established after Nairobi Industrial Estate. The estate complex comprises an administration block, a technical service centre and 25 workshop sheds covering a total built up area of 117,000 square feet.

Funds used for the construction of the estate as well as funds for machinery and equipment loans to entrepreneurs were provided by the West German — Government. In early 1978, Nakuru was made a regional office. It will from henceforth not only cater for Nakuru but also cater for the proposed RIDCs and IPAs which will be established in the region.

Industries in Production within Nakuru Industrial Estate

<u>Project Name</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Amount Invested</u>
1. Gladhome Bicycle Co.Ltd.	Bicycles and Spares	25	1,102,000.00
2. Flamingo Casement Limited	Steel windows & door frames	23	237,982.65
3. Westend Furniture	Wooden furniture	10	95,000.00
4. Rift Valley Printing House Ltd.	Printing & book binding	47	700,000.00
5. Twilight Steel Furniture	Steel tubular furniture	10	62,000.00
6. Rift Valley Uniforms	Uniforms & other garments	33	NIL
7. Kenya Rivets Co. Limited	Bifurcated Rivets	12	1,016,348.35
8. Muka Leather Products	Handbags, belts etc.	6	1,462,297.10
9. Nakuru Aluminium Works	Aluminium milk churns	12	1,525,008.00
10. Agricultural implements Manufacturers	Jembes and fork jembes	25	98,100.00
11. Nakuru Cartons Ltd.	Corrugated cartons	10	331,580.00
12. Nakuru Nails Manufacturers Co. Ltd.	Wire nails	5	3,021,159.45
13. Kenya Highlands Ltd.	Dehydrated packet soap	10	609,016.80
14. Cartubox Industries Ltd.	Cardboard tubes for sewing yarn	2	331,500.00
15. Nairobi Handbags Manufacturers Ltd.	Plastic Handbags	23	60,000.00
16. Thomson Tapes(EA) Ltd.	Surgical bandages	8	1,534,657.25
17. Pencils Project	Pencils	80	1,150,000.00
18. Highland Steel Products Ltd.	Stainless Curtlery	15	3,969,000.00
Total 18 projects in operation with an average of Shs. 48,500 invested by K.I.E. per employee.		346	16,305,000.00

MOMBASA INDUSTRIAL ESTATE

Construction of the Mombasa Industrial Estate was completed in 1975 and comprises an administration block, a technical service centre and 20 workshop sheds in a built up area of 70,400 square feet. Mombasa Industrial Estate is financed by K.F.W. of West Germany together with the Kenya Government through K.I.E.

As a regional office, Mombasa Industrial Estate co-ordinates activities of the RIDCs at Voi and Malindi and will also co-ordinate the activities of the proposed IPA at Kwale.

Industries in Production within Mombasa Industrial Estate

<u>Project Name</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Amount Invested</u>
1. Gellams Limited	Leather footwear	3	1,031,100.00
2. Ngamia Industries	Wheelbarrows	7	491,100.00
3. Kiema Engineering Works Limited	Decorative black-smiths	5	259,500.00
4. Mwakiremba Organic & Synthetics	PVC footwear	10	1,007,000.00
5. Mwambia Plastic Industries Ltd.	Manufactures & assembles plastic torches	4	1,077,000.00
Total 5 projects in operation with an average of Shs. 133,300 invested by K.I.E. per employee.		29	3,865,700.00

KISUMU INDUSTRIAL ESTATE

Construction of Kisumu Industrial Estate was completed in 1975. The estate complex comprises an administration block, a TSC and 22 workshop sheds covering an area of 57,808 square feet.

Kisumu Industrial Estate is a regional office which caters for Kisii, Homa Bay and will also cater for the proposed Siaya R.I.D.C. when established. The estate and its satellite RIDCs are financed jointly by the Kenya Government and the Swedish Government through its organisation SIDA. The Swedish funds were given on a grant basis. The funds were used in financing the complex and its satellite RIDCs. A revolving fund was also established which is used to provide loans to industrial enterprises within Nyanza Province.

INDUSTRIES IN PRODUCTION WITHIN KISUMU INDUSTRIAL ESTATE

<u>Project Name</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Amount Invested</u>
1. Ambode Tanning Company	Leather	25	400,000.00
2. Eswo Footwear	Shoes	19	500,000.00
3. Gem Furniture Mart	Furniture	16	308,000.00
4. Diazo Ind. Ltd.	Paper mill	7	953,193.70
5. Kenya Tinsmith	Sheet metal Products	20	185,000.00
6. Lakeside Fishing Fly Tyers	Fish Flies	8	48,148.10
7. Neceld Garments	School & Factory Uniforms	27	157,000.00
8. Nyanza Blacksmith	Steel windows doors & gates	14	242,008.00
9. Nyanza Envelopes	Envelopes	4	300,000.00
10. Ploughs & Allied Products	Farm implements, ploughs & spares	16	435,000.00

Two projects have been established in rural areas and are getting their assistance from Kisumu Industrial Estate. These are Nyakaranga Quarry employing 8 people in which KIE invested Shs. 265,225/-. Maseno brick factory with KIE investment of Shs. 14,000/- and employing 5 people.

Total 10 projects in operation with an average of Shs. 25,940.00 invested by K.I.E. per employee.	136	352,775.00
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ELDORET INDUSTRIAL ESTATE

Eldoret Industrial Estate comprises an administration block and a TSC. The estate was constructed with the help of the Danish Government through its organisation DANIDA. The Kenya Government provided part of the funds. Currently, only Kericho is operational as an RIDC under Eldoret Industrial Estate.

INDUSTRIES IN PRODUCTION

<u>Name of Project</u>	<u>Service/Product</u>	<u>Year</u>	<u>No. Employed</u>	<u>Amount Invested</u>
1. Kinyanjui Roofing Tiles	Cement board roofing tiles	1978	7	1,450,900.00
2. Eldoret Agricultural Paper Mills	Craft Paper	1978	12	2,214,570.00
3. Raki Investment	Retreading of tyres	1978	9	2,486,000.00
Total 3 projects in operation with an average of Shs. 220,000.00 invested by K.I.E. per employee.			28	6,158,000.00

RURAL INDUSTRIAL DEVELOPMENT PROGRAMME

The rural industrial development programme was started in 1971. There are now ten Rural Industrial Development Centres established within the republic.

The programme has benefited from the generous assistance from overseas donors in terms of capital and personnel. Machakos and Kakamega were established with funds that DANIDA provided to the Kenya Government as a grant. The Swedish International Development Agency (SIDA) supported the Kisii and Homa Bay R.I.D.Cs while NORAD provided technical and financial assistance to Embu RIDC. Below are some of the projects supported under the Rural industrial Development Programme.

MACHAKOS R.I.D.C.

Implement Projects

<u>Project Name</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Amount Invested</u>
1. Philip Mutuli	Kangundo Wooden Furniture	10	85,000.00
2. Ngila Furniture	Wooden furniture	7	61,000.00
3. Mbooni Timber	Saw Milling	10	66,000.00
4. Machakos School Uniforms	Uniforms production	30	120,000.00
5. Morris Ndolo Quarry	Stone crushing	14	261,000.00
6. Kilungu Timber	Wooden furniture	12	300,000.00
7. Daniel Wambua	Tubular steel furniture	6	52,000.00
8. Machakos Transport Equipment	Wheelbarrow, Trolleys etc.	5	54,000.00
9. John Mutisya	Vehicle repair	7	54,000.00
Total 25 projects in operation with an average of Shs. 8,500/= invested by K.I.E. per employee.		101	1,245,000.00

NYERI R.I.D.C.

<u>Project Name</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Amount Invested</u>
1. Geoffrey Njogu	Tannery	6	50,000.00
2. Maina Wageni	Garage	8	50,000.00
3. Billy Nganga	Shoe making	5	50,000.00
4. Eliud Karumah	Carpentry	5	56,000.00
5. Julius Masinga	Carpentry	2	50,000.00
6. Gakaara Press	Printing Press	10	50,000.00
7. Morris Construction	Saw mill & capentry	20	62,000.00
8. J. W. Mbichi	Salt grinding & Packing	20	50,000.00

There are 21 more projects with investments of less than Shs. 50,000/= each in areas of saw milling, carpentry, metal work, tinsmithing and auto garages.

131 602,000.00

Total 29 projects in operation. Investments per worker is Shs. 4,900/=

207 1,020,000.00

KAKAMEGA R.I.D.C.

Implemented Projects

<u>Project Name</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Amount Invested Approved loan from K.I.E.</u>
1. Kakamega Pottery	Pottery	15	63,000.00
2. Kabras Investment Limited	Sugar production	150	3,670,000.00
3. Webuye Furniture Crafts	Furniture production	6	51,000.00
4. Malava Tannery	Leather handbags, belts, etc.	5	50,000.00

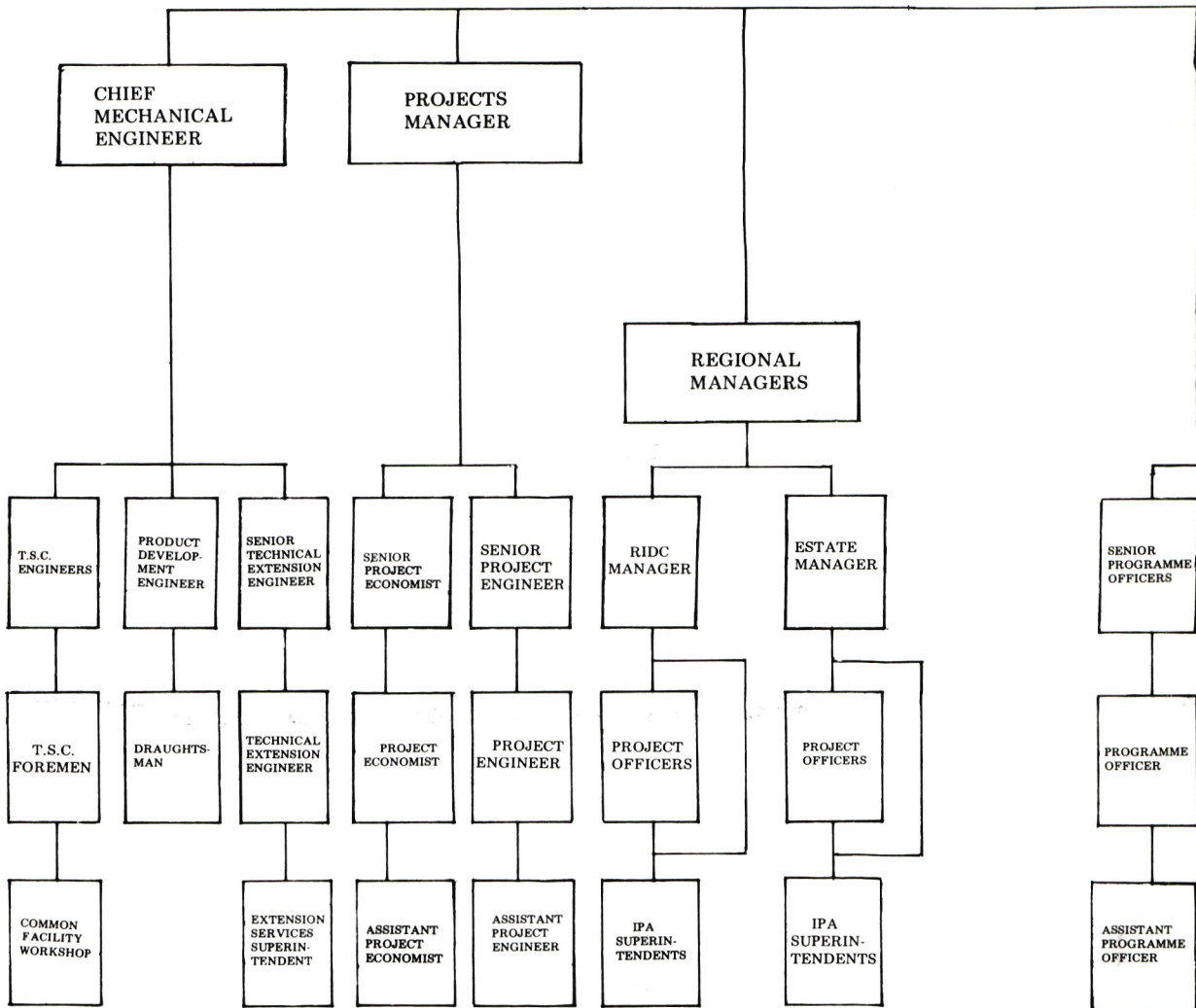
There are 12 more projects with investments of less than Shs. 50,000/= each in woodworkshops metal workshops, animal feed and poultry production.

79 343,000.00

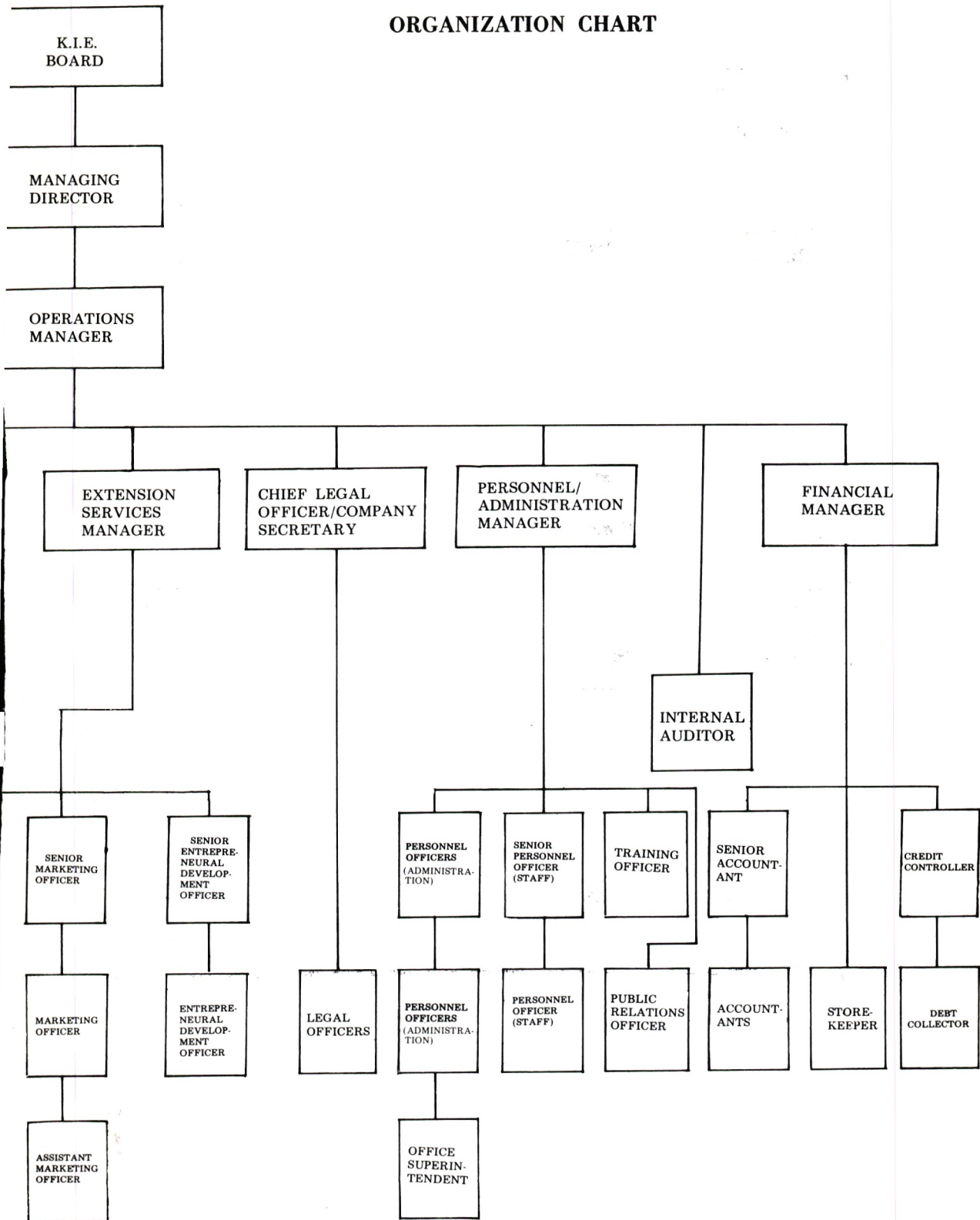
Total 16 projects in operation with an average of Shs. 14,000/= invested by K.I.E. per employee.

255 3,577,000.00

ORGANIZATION CHART



ORGANIZATION CHART



EMBU R.I.D.C.

Implemented Projects

<u>Name of Project</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Approved Loan From K.I.E.</u>
1. Embu Packers	Salt grinding and packing	80	53,000.00
2. Tana Bakery	Bread Bakery	29	364,000.00
3. Ringera Saw Mill	Sawing of timber	12	60,000.00
4. Rithaa Drycleaning	Dry cleaning	6	140,000.00
5. J. Mworira, Meru	Concrete block making	8	50,000.00
6. Sagana Tanneries Ltd. Sagana	Manufacturer of finished crometanned shoe leather	50	1,300,000.00
7. John Kamau, Embu	Wooden furniture	7	60,000.00
8. Siakago Wood workshop	Wooden furniture	4	50,000.00
9. Chuka Woodworks	Wooden furniture	6	50,000.00
There are 16 more projects with investments of less than Shs. 50,000/= each in wood working, metal work, tailoring and block making		69	337,000.00
Total 25 projects in operation with an average of Shs. 6,700/= invested by K.I.E. per employee.		371	2,464,000.00

KISII R.I.D.C.

Implemented Projects

<u>Name of Project</u>	<u>Product/Service</u>	<u>No. Employed</u>	<u>Approved Loan from K.I.E.</u>
1. Mogusii Universal Repair Company	Steel windows & door frames	10	83,000.00
2. Manga Investments Limited	Bread	15	750,000.00
3. Kurm Garments	Tailoring	20	290,000.00
4. Odera Brothers	Shoe making	4	375,000.00
5. Gelani Motor Works	Auto Body builders	20	135,000.00
6. Kistone & General Products	Soapstone carvings	47	72,000.00
There are further 6 projects with investments of less than Shs. 50,000/= each in woodworks, sheet metal production tailoring and bakery		31	129,000.00
Total 12 projects in operation with an average of Shs. 12,500/= invested by K.I.E. per employee.		147	1,834,000.00

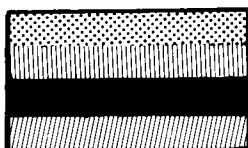
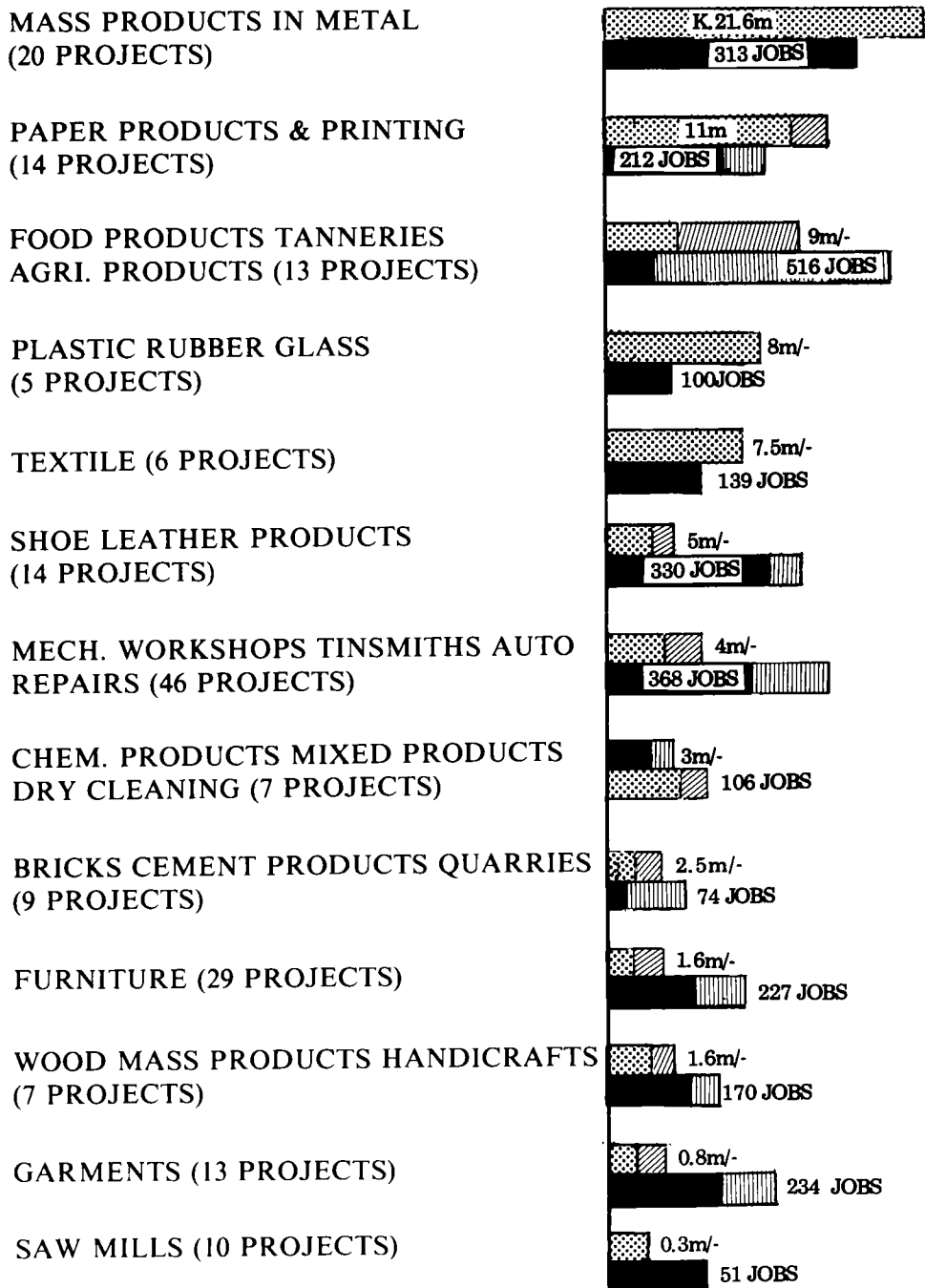
INVESTMENT BY CENTRES

	No. of projects	K.I.E. loans approved total shs.	Average loan per project shs.	No. of created jobs	Investment per worker
Nairobi Industrial Estate	56	43,049,000	775,000	1,150	37,400
Nakuru Industrial Estate	18	16,305,000	905,000	346	47,000
Mombasa Industrial Estate	5	3,866,000	773,000	29	133,000
Kisumu Industrial Estate	10	3,807,000	318,000	149	25,600
Eldoret Industrial Estate	3	6,158,000	2,050,000	28	220,000
Total for the Estates	94	73,185,000	778,000	1,702	43,200
Nyeri RIDC	29	1,020,000	35,000	207	4,900
Embu RIDC	25	2,464,000	98,500	371	6,700
Machakos RIDC	25	1,275,000	50,000	147	8,500
Kakamega RIDC	16	3,577,000	223,000	255	14,000
Kisii RIDC	12	1,834,000	153,000	147	12,500
Total for the RIDCs	107	10,140,000	95,000	1,127	9,000
Total	201	83,355,000	5,360,500	2,829	29,600

INVESTMENT BY VARIOUS INDUSTRIAL CATEGORIES

	No. of projects	Loans capital total (1000 shs.)	Average loan per project (000 shs.)	No. of created jobs	Investment per worker
1. Mass Products in metal	20	21,590	1,080	313	70,000
2. Paper products and printing	14	11,000	785	215	50,000
3. Food products including bakeries other agricultural products & tanneries	13	9,050	700	516	17,000
4. Plastic, rubber & glass production	5	8,040	1,600	49	165,000
5. Textile products	6	7,450	1,240	139	55,000
6. Shoes, handbags & other leather products	14	5,165	370	330	16,000
7. Mechanical workshops, tinsmiths auto repair	46	4,137	90	368	11,000
8. Chemical products mixed products dry cleaning	7	2,990	425	106	28,000
9. Bricks & cement products quarrying	9	2,525	280	74	35,000
10. Wooden mass products and handicrafts	7	1,700	240	170	10,000
11. Furniture	29	1,720	60	227	7,500
12. Garments manufacture	13	871	70	234	3,500
13. Saw Mills	10	344	35	51	6,500

INVESTMENT & EMPLOYMENT IN K.I.E. CENTRES



Amount invested in Industrial Estates in '000,000 K.Shs.
 No. of Jobs in Industrial Estates
 RIDCs Investments
 Jobs in RIDC Projects

KENYA INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS TO THE MEMBERS

The directors submit their report together with the audited accounts of the company for the year ended 30th June 1978.

Results

2.	The accounts show:-	Shs.
	Loss for the year before administration grant	(9,281,088)
	Administration grant received from Kenya Govt.	12,400,000
		<hr/>
	Profit for the year after administration grant	3,118,912
	Net accumulated loss at 1st July 1977	(5,525,347)
		<hr/>
	Net accumulated loss to date	(2,406,435)
		<hr/> <hr/>

Dividend

3. The directors cannot recommend the declaration of any dividend.

Directorate

4. Under the company's articles of association the directors are not subject to retirement by rotation. At 30th June 1978 the board consisted of:-

Mr. E. Matu Wamae

Mr. C.S. Mbindyo

Mr. L. Ngugi

Mr. D. Mbela

Mr. J.K. Cheruiyot

The Permanent Secretary, Ministry of Finance and Economic Planning

The Permanent Secretary, Ministry of Commerce and Industry.

Auditors

5. The auditors, Coopers & Lybrand, continue in office in accordance with the provisions of section 159(2) of the Companies Act (Cap. 486).

BY ORDER OF THE BOARD

C.S. MBINDYO
Director

KENYA INDUSTRIAL ESTATES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

The accounts set out on pages 24 to 29 are in agreement with the books which, in our opinion, have been properly kept. We obtained the information and explanations we required.

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 30th June 1978 and of its results for the year ended on that date and comply with the Companies Act (Cap. 486).

NAIROBI,
8th December, 1978.

COOPERS & LYBRAND

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1978

	Note	1978 Shs.	1977 Shs.
LOSS BEFORE ADMINISTRATION GRANT	2	(9,281,088)	(9,076,507)
ADMINISTRATION GRANT		12,400,000	10,097,340
		<hr/>	<hr/>
PROFIT AFTER ADMINISTRATION GRANT		<u>3,118,912</u>	<u>1,020,833</u>

STATEMENT OF NET ACCUMULATED LOSS

AT 1ST JULY 1977	(5,525,347)	(6,546,180)
PROFIT FOR THE YEAR	3,118,912	1,020,833
	<hr/>	<hr/>
AT 30TH JUNE 1978	<u>(2,406,435)</u>	<u>(5,525,347)</u>

Report of the Auditors — page 23
The notes on pages 26 to 29 form part of these Accounts

KENYA INDUSTRIAL ESTATES LIMITED

BALANCE SHEET 30TH JUNE 1978

	Note	1978 Shs.	1977 Shs.
FIXED ASSETS	4	50,361,128	46,451,647
INVESTMENTS	5	190,800	—
LOANS		29,653,194	14,858,706
CURRENT ASSETS			
Stores at cost		755,175	248,021
Debtors		2,020,556	1,425,033
Bank balances and cash		43,664,589	30,383,618
		<u>46,440,320</u>	<u>32,056,672</u>
CURRENT LIABILITIES			
Creditors		2,670,534	2,887,432
NET CURRENT ASSETS		43,769,786	29,169,240
		<u>123,974,908</u>	<u>90,479,593</u>

Financed by:-

SHARE CAPITAL	6	50,000,000	80
CAPITAL RESERVE	7	951,085	5,171,116
NET ACCUMULATED LOSS		(2,406,435)	(5,525,347)
		<u>48,544,650</u>	<u>(354,151)</u>

**INDUSTRIAL AND COMMERCIAL
DEVELOPMENT CORPORATION**

Loan and current accounts	8	5,384,203	43,180,874
KENYA GOVERNMENT LOANS DEVELOPMENT LOAN CORPORATION (K.F.W.) OF WEST GERMANY	9 10	64,404,820 5,641,235	47,652,870 —

C.S. MBINDYO Director

P.M. WAWERU Director

123,974,908 90,479,593

Report of the Auditors — page 23
The notes on pages 26 to 29 form part of these Accounts

KENYA INDUSTRIAL ESTATES LIMITED

NOTES TO THE ACCOUNTS 30TH JUNE 1978

1. PRINCIPAL ACCOUNTING POLICIES

(a) Fixed assets

Leasehold land allotted by the Kenya Government is stated at cost or professional valuation when such land is capitalised. Other fixed assets are stated at cost with the exception of donated assets which are stated at invoice value or at directors valuation.

(b) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets on the reducing balance method over the expected useful lives of the assets concerned. The annual rates used for the purpose are:-

	%
Buildings and land improvements	2
Plant and Machinery	10
Furniture, fittings and office equipment	12½
Motor vehicles	20

Leasehold land is written off in equal annual instalments over the period of the lease.

(c) Debtors

Known bad debts are provided for in full and adequate provision is made for those considered doubtful of recovery.

2. LOSS BEFORE ADMINISTRATION GRANT

This is stated after charging:	1978	1977
	Shs.	Shs.
Depreciation	1,634,538	1,497,071
Auditors remuneration	110,000	87,000
Loan interest	748,984	662,805

3. DIRECTORS EMOLUMENTS

As directors	450	3,750
For management	2,908	—
	<hr/>	<hr/>
	3,358	3,750
	<hr/>	<hr/>

KENYA INDUSTRIAL ESTATES LIMITED

NOTES TO THE ACCOUNTS 30TH JUNE 1978

(Continued)

FIXED ASSETS

	Cost or Valuation Shs.	Accumu- lated depreciation Shs.	Net book 1978 Shs.	value 1977 Shs.
(a) Leasehold land, buildings and improvements	47,411,002	3,653,580	43,757,422	40,147,192
Plant and machinery	6,388,767	1,891,903	4,496,864	4,808,804
Furniture, fittings and office equipment	1,392,128	383,416	1,008,712	723,440
Motor vehicles	1,639,400	541,270	1,098,130	772,211
	56,831,297	6,470,169	50,361,128	46,451,647

(b) The plots of land for the Kisumu Industrial Estate and the Kisii Rural Industrial Development Project have officially been allotted to the company but these assets have not been capitalised and included in the accounts.

(c) The plots of land for the Rural Industrial Development Project at Embu, Malindi, Machakos and Nyeri have not been officially allotted to the company and therefore these assets have been excluded from the accounts.

5. INVESTMENTS

	1978 Shs.	1977 Shs.
25% equity holding in Kabras Investments Ltd.	190,800	—

The market value of this investment has not been ascertained.

6. SHARE CAPITAL

	Numbers of shares	Authorised Shs.	Issued and fully paid Shs.
Shares of Shs. 20 each			
At 1st July 1977	2,000	40,000	80
Issued during the year (see note 7, 8 and 9)	2,498,000	49,960,000	49,999,920
At 30th June 1978	2,500,000	50,000,000	50,000,000

NOTES TO THE ACCOUNTS 30TH JUNE 1978
(Continued)

7. CAPITAL RESERVE

At 1st July 1977	5,171,116	5,054,000
Donated machinery and motor vehicles	—	117,116
Utilised for issue of shares to Kenya Government	(4,220,031)	—
	951,085	5,171,116
At 30th June 1978	951,085	5,171,116

8. I.C.D.C. LOAN AND CURRENT ACCOUNTS

	Loans and grants Shs.	Interest on loan Shs.	Total Shs.
At 1st July 1977	39,958,856	3,222,018	43,180,874
Utilised for issue of shares to Kenya Government	(38,698,439)	—	(38,698,439)
Disbursements by I.C.D.C. during the year	217,473	—	217,473
Interest charged during the year	—	684,295	684,295
	1,477,890	3,906,313	5,384,203
At 30th June 1978	1,477,890	3,906,313	5,384,203

The loans and grants received to date from the Treasury via I.C.D.C. were on unspecified terms and conditions. At 30th June 1978 interest of approximately Shs. 3,900,000 has been accrued on the I.C.D.C. loans. It is possible that a revision of this amount will be necessary when the terms and conditions of the loans and grants have been established.

9. KENYA GOVERNMENT LOANS

	Shs.
At 1st July 1977	47,652,870
Utilised for issue of shares to Kenya Government	(7,081,450)
Received during the year	23,833,400
	64,404,820
At 30th June 1978	64,404,820

The loans received direct from the Kenya Government are on unspecified terms and conditions and no interest has been provided thereon in these accounts.

NOTES TO THE ACCOUNTS 30TH JUNE 1978
(Continued)

10. DEVELOPMENT LOAN CORPORATION (K.F.W.) OF WEST GERMANY — DISBURSEMENTS

These relate to amounts disbursed during the year by K.F.W. equivalent to Shs. 5,576,546 in respect of the foreign costs of certain projects at the Mombasa Industrial Estate in accordance with the terms of an agreement dated 26th March 1974 between the Kenya Government and K.F.W. and accrued interest thereon of Shs. 64,689 accrued at the rate of 2% p.a.

11. CAPITAL COMMITMENTS

	1978	1977
	Shs.	Shs.
Commitments in respect of contracts for the purchase of fixed assets	7,152,045	4,983,385

12. CONTINGENT LIABILITIES

	1978	1977
	Shs.	Shs.
Bank loans arranged in respect of entrepreneurs bulk purchase scheme	1,054,995	1,176,478

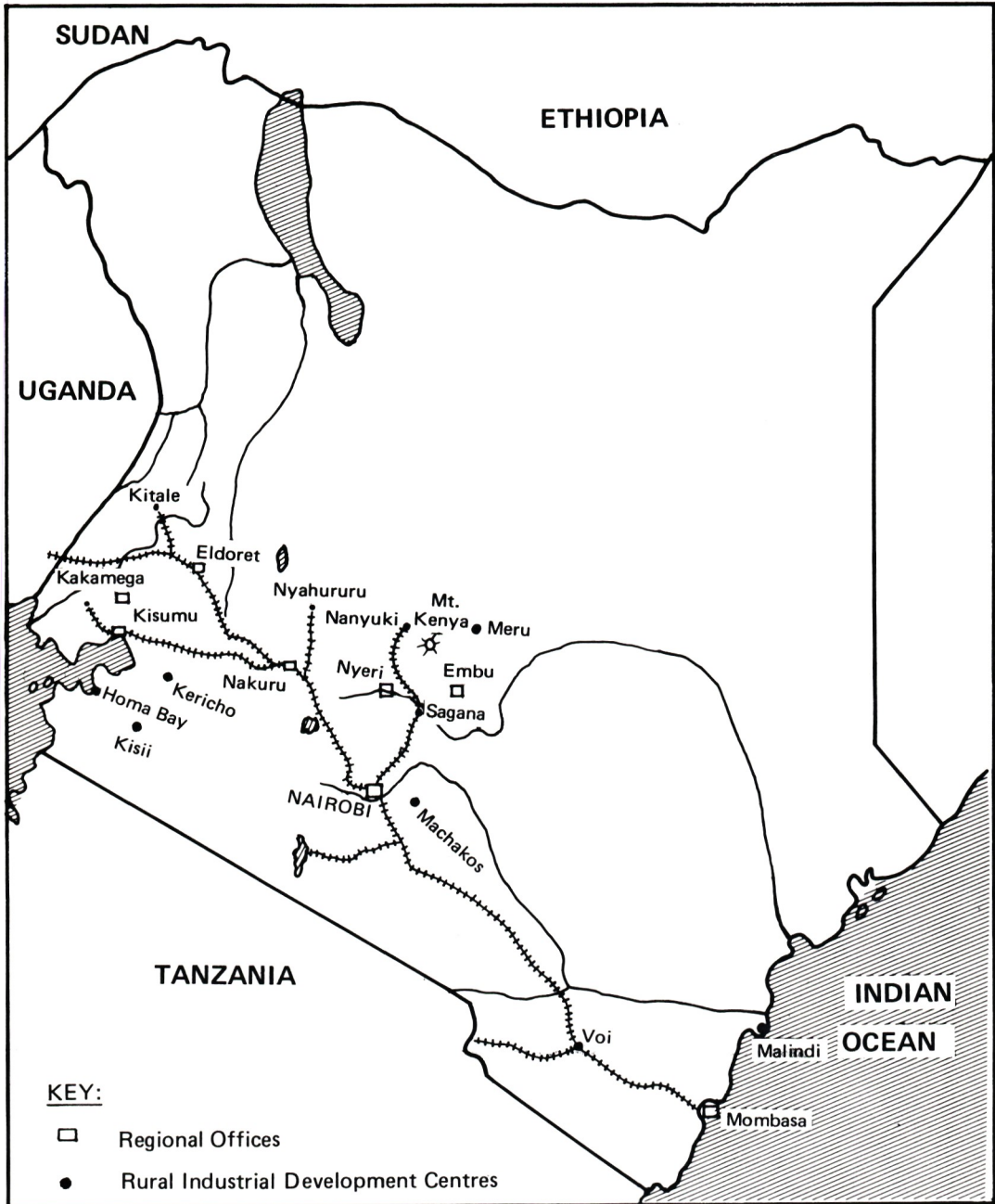
In addition letters of credit have been opened with the National Bank of Kenya at Nairobi, totalling Shs. 2,039,204 on behalf of entrepreneurs for the importation of machinery and raw materials. No losses are anticipated.

KENYA INDUSTRIAL ESTATES LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 30TH JUNE 1978**

	1978	1977
	Shs.	Shs.
INCOME		
Rents receivable	2,217,239	1,421,824
Service charges less raw materials	(244,401)	69,177
Interest receivable	3,124,003	1,439,810
Profit on sale of fixed assets	22,776	6,594
Other Income	132,444	132,002
	5,252,061	3,069,407
EXPENDITURE		
Administration:		
Advertising	176,209	186,896
Bank charges	40,971	41,178
Directors' fees and expenses	34,843	19,767
Entertainment	56,325	34,190
General expenses	263,306	205,563
Insurance	291,222	177,129
Light, water and conservancy	176,079	126,145
Newspapers and periodicals	9,067	6,569
Postage, telephone and telegrams	448,746	360,225
Printing and stationery	282,131	237,674
Professional fees	145,833	94,332
Recruitment and other personal expenses	15,538	17,462
Rent and rates	444,188	556,335
Repairs and maintenance	241,649	118,171
Salaries and wages	7,070,983	5,465,773
Subscriptions and donations	5,347	2,100
Travelling expenses	512,209	252,201
Vehicle running expenses	473,573	386,820
	10,688,219	8,288,530
Consultative meetings	23,125	—
Depreciation	1,634,538	1,497,071
Interest payable	925,115	874,431
Product development expenses	7,389	125,069
Provision for doubtful debts	1,254,763	1,360,813
	14,533,149	12,145,914
LOSS BEFORE ADMINISTRATION GRANT	(9,281,088)	(9,076,507)

LOCATION OF K.I.E. OFFICES



Printed by Prudential Printers Limited, Changamwe Road, Industrial Area,
P.O. Box 18086, Nairobi, Kenya.